

EXEMPTION
NUMBER:

82 4639

KGHM Polska Miedź S.A.

02 MAR -5 AM 8:05

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Announcement also provided to required statutory authorities

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Information:

SUPPL

In accordance with a Decree of the Council of Ministers dated October 16, 2001 (Dz.U. No 139, point 1569), specifically §1, section 2 and §57, section 1, point 3, the Board of Management of KGHM Polska Miedź S.A. hereby provides the Annual Report for 2001.

Herein, are presented only the balance sheet, profit and loss account, description of changes in shareholders' funds and statement of cash flows. United States Securities and Exchange Commission will receive the complete hard copy of the Annual Report for 2001 by express mail shortly.

Sincerely

WICEPREZES ZARZĄDU

Janusz Andrzej Szczepiek

WICEPREZES ZARZĄDU

Witold Bugajski

PROCESSED

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FINANCIAL

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Court of record of incorporation and registration number:
Sąd Rejonowy dla Wrocławia Fabrycznej IX Wydział Gospodarczy Krajowego Rejestru Sądowego
Nr KRS 23302

President of the Management Board: Stanisław Speczik,
Vice-Presidents of the Management Board: S. Siewierski, W. Bugajski, G. Kubacki, J.A. Szczepiek
Share capital: PLN 2 000 000 000 (two thousand million)

BALANCE SHEET

	as at	Note	2001	2000
ASSETS				
I. Fixed Assets			4 735 473	4 176 537
1. Intangible assets	1		14 156	46 192
2. Tangible fixed assets	2		2 880 723	2 783 416
3. Long term investments	3		1 840 260	1 323 733
4. Long term debtors	4		334	23 196
II. Current assets			2 656 574	1 380 730
1. Inventory	5		925 401	834 588
2. Debtors	6		478 454	521 728
3. Own shares for sale	7			
4. Short term investments	8		1 209 000	368
5. Cash and cash equivalents	9		43 719	24 046
III. Prepayments	10		164 749	199 603
1. Deferred corporate income tax asset			52 291	77 178
2. Other prepayments			112 458	122 425
Total assets			7 556 796	5 756 870
SHAREHOLDERS' FUNDS AND LIABILITIES				
I. Shareholders' Funds			3 696 075	4 066 757
1. Share capital	11		2 000 000	2 000 000
2. Called up capital not paid				
3. Reserve capital	12		1 184 267	753 007
4. Revaluation reserve capital			710 027	717 117
5. Other reserve capital	13		(8 196)	(27 537)
6. Exchange rate differences on foreign divisions				
7. Profit (loss) from prior years	14			6 203
8. Net profit (loss) for the period			(190 023)	617 967
II. Provisions			975 403	772 912
1. Provisions for income tax	15			
2. Other provisions	16		975 403	772 912
III. Liabilities			2 658 569	607 509
1. Long term creditors	17		119 589	
2. Short term creditors	18		2 538 980	607 509
IV. Accruals and deferred income	19		226 749	309 692
Total shareholders' funds and liabilities			7 556 796	5 756 870
Net assets			3 696 075	4 066 757
Shares outstanding			200 000 000	200 000 000
Net assets per share (in PLN)	20		18.48	20.33
Anticipated shares outstanding				
Diluted net assets per share (in PLN)	20			

OFF-BALANCE SHEET LIABILITIES

	as at	2001	2000
a) total value of guarantees granted, of which:			300 904
- on behalf of subsidiaries			300 904
- on behalf of associated entities			
- on behalf of a dominant entity			
- on behalf of other entities			
b) other off-balance sheet liabilities, due to:		242 692	622 007
- bills of exchange payable		10 791	4 950
- conditional penalties		316	7 439
- unresolved and disputed issues		37 644	6 615
- liabilities due to perpetual usufruct of land		170 966	158 309
- commitments related to investment in CONGO			72 340
- commitments related to rationalisation and R&D implementation		22 975	66 824
- right of recourse by PSE and TEL-ENERGO towards KGHM			289 080
Polska Miedź S.A. due to loan guarantee granted to the KGHM			
Polska Miedź S.A. subsidiary - Telefonia Lokalna S.A.			
- other			16 450
Total off-balance sheet liabilities		242 692	922 911

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PROFIT AND LOSS ACCOUNT

	Prepared for the period	Note	2001	2000
I. Revenue from the sale of products, materials and goods			4 217 672	4 982 763
1. Revenue from the sale of products	21		4 183 560	4 928 276
2. Revenue from the sale of materials and goods	22		34 112	54 487
II. Cost of sale of products, materials and goods			(3 553 675)	(3 578 916)
1. Cost of manufactured products sold	23		(3 521 966)	(3 527 622)
2. Cost of goods and materials sold			(31 709)	(51 294)
III. Gross profit (I-II)			663 997	1 403 847
IV. Selling costs			(70 548)	(62 843)
V. General administrative costs			(420 063)	(399 862)
VI. Profit from sales (III-IV-V)			173 386	941 142
VII. Other operating income	24		26 711	67 402
VIII. Other operating costs	25		(312 359)	(180 264)
IX. Operating profit (loss) (VI+VII-VIII)			(112 262)	828 280
X. Income from shares in other entities	26		15 463	4 954
XI. Income from other long term investments	27			
XII. Other financial income	28		956 444	711 336
XIII. Financial costs	29		(1 006 633)	(749 172)
XIV. Profit (loss) before extraordinary items and taxation (IX+X+XI+XII-XIII)			(146 988)	795 398
XV. Extraordinary items (XV.1.-XV.2.)			49	(308)
1. Extraordinary gains	30		1 219	2 209
2. Extraordinary losses	31		(1 170)	(2 517)
XVI. Profit (loss) before taxation			(146 939)	795 090
XVII. Taxation	32		(43 084)	(177 123)
XVIII. Other obligatory deductions from profit (loss increase)	33			
XIX. Net profit (loss)	34		(190 023)	617 967
Net profit (loss) for 12 months			(190 023)	617 967
Weighted average number of ordinary shares			200 000 000	200 000 000
Net profit (loss) per ordinary share (in PLN)	35		(0.95)	3.09
Weighted average anticipated number of ordinary shares				
Diluted net profit (loss) per ordinary share (in PLN)	35			

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DESCRIPTION OF CHANGES IN SHAREHOLDERS' FUNDS

Prepared for the period	2001	2000
1. Shareholders' funds - beginning of the period	4 066 757	3 470 124
a) changes of accounting methodology (policies)		
b) corrections due to error		
1.a. Shareholders' funds - beginning of the period, after adjustment with comparative data	4 066 757	3 470 124
1. Share capital - beginning of the period	2 000 000	2 000 000
1.1. Changes in share capital		
a) increase, due to:		
- issue of share		
b) decrease, due to:		
- redemption of shares		
1.2. Share capital - end of the period	2 000 000	2 000 000
2. Called up capital not paid - beginning of the period		
2.1. Changes in called up capital not paid		
a) increase		
b) decrease		
2.2. Called up capital not paid - end of the period		
3. Reserve capital - beginning of the period	753 007	1 350 204
3.1. Changes in reserve capital	431 260	(597 197)
a) increase, due to:	431 260	7 156
- issue of shares over nominal value		
- from profit distribution (statutory)		
- from profit distribution (over statutorily-required minimum value)	424 170	
- transfer of revaluation reserve capital	7 090	7 156
b) decrease, due to:		(604 353)
- coverage of accumulated losses		(604 353)
- transfer to revaluation reserve capital		
3.2. Reserve capital - end of the period	1 184 267	753 007
4. Revaluation reserve capital - beginning of the period	717 117	724 273
4.1. Changes in revaluation reserve capital	(7 090)	(7 156)
a) increase, due to:		
- transfer from reserve capital		
b) decrease, due to:	(7 090)	(7 156)
- the sale and liquidation of fixed assets	(7 090)	(7 156)
4.2. Revaluation reserve capital - end of the period	710 027	717 117
5. Other reserve capital - beginning of the period	(27 537)	
5.1. Changes in other reserve capital	19 341	(27 537)
a) increase, due to:	23 126	80 073
- gains on valuation of financial instruments	23 126	80 073
b) decrease, due to:	(3 785)	(107 610)
- losses on valuation of financial instruments	(3 785)	(107 610)
5.2. Other reserve capital - end of the period	(8 196)	(27 537)

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6. Exchange rate differences on foreign divisions		
7. Retained profit or uncovered losses from prior years - beginning of the period	6 203	
7.1. Retained profit from prior years - beginning of the period	6 203	
a) changes to accounting methodology (policies)		
b) corrections due to error		
7.2. Retained profit from prior years - beginning of the period, after adjustment with comparative data	6 203	
a) increase, due to:	617 967	6 203
- distribution of profit	617 967	
- valuation of derivative instruments - changes to accounting methodology		6 203
b) decrease, due to:	(624 170)	
- transfer to reserve capital (over statutory)	(424 170)	
- dividend to shareholders	(200 000)	
- employees bonus and write off for other purposes		
7.3. Retained profit from prior years - end of the period		6 203
7.4. Uncovered losses from prior years - beginning of the period		604 353
a) changes to accounting methodology (policies)		
b) corrections due to error		
7.5. Uncovered losses from prior years - beginning of the period, after adjustment with comparative data		604 353
a) increase, due to:		
- transfer of losses to be covered		
- changes to accounting policies		
b) decrease, due to:		(604 353)
- coverage of losses from reserve capital		(604 353)
7.6. Uncovered losses from prior years - end of the period		
7.7. Retained profit or uncovered losses from prior years - end of the period		
8. Net result	(190 023)	617 967
a) Net profit		617 967
b) Net loss	(190 023)	
II. Shareholders' funds - end of the period	3 696 075	4 066 757

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STATEMENT OF CASH FLOWS

	Prepared for the period	2001	2000
A. NET CASH FLOW FROM OPERATIONS (I+/-II) - indirect method		344 620	861 575
I. Net profit (loss)		(190 023)	617 967
II. Adjustments:		534 643	243 608
1. Depreciation		339 012	410 308
2. Foreign exchange (gains) losses		(48 315)	1 325
3. Interest and dividends received and paid		19 544	1 625
4. (Profit) loss on investing activities		9 076	(17 008)
5. Change in other provisions		202 491	73 044
6. Corporate income tax charge (from profit and loss account)		43 084	177 123
7. Corporate income tax paid		(33 153)	(284 253)
8. Change in inventories		(90 813)	(52 966)
9. Change in debtors		81 196	(89 738)
10. Change in short term creditors (excluding loans and credits)		15 698	26 263
11. Change in prepayments and accruals		(40 183)	73 516
12. Change in deferred income		(32 793)	(59 006)
13. Other items		69 799	(16 625)
B. NET CASH FLOW FROM INVESTING ACTIVITIES (I-II)		(2 039 569)	(942 972)
I. Inflow from investing activities		745 593	1 090 150
1. Sale of intangible fixed assets		119	36
2. Sale of tangible fixed assets		2 184	1 503
3. Sale of long term investments, of which:		3 439	14 836
- in subsidiaries			6 000
- in associates		719	
- in dominant entity			
4. Sale of short term investments		724 389	1 068 752
5. Repayment of long term loans granted			83
6. Dividends received		15 462	4 940
7. Interest received			
8. Other items			
II. Outflow from investing activities		(2 785 162)	(2 033 122)
1. Purchase of intangible fixed assets		(4 545)	(8 322)
2. Purchase of tangible fixed assets		(489 055)	(529 059)
3. Purchase of long term investments, of which:		(270 823)	(203 450)
- in subsidiaries		(170 000)	(184 101)
- in associates			
- in dominant entity			
4. Purchase of own shares			
5. Purchase of short term investments		(1 915 917)	(1 059 221)
6. Long term loans granted		(98 050)	
7. Other items		(6 772)	(233 070)
C. NET CASH FLOW FROM FINANCING ACTIVITIES (I-II)		1 714 622	19 026
I. Inflow from financing activities		4 111 549	979 875
1. Proceeds from long term bank loans and long term loans		120 813	
2. Issue of long term debentures and other securities			
3. Proceeds from short term bank loans and short term loans		3 963 438	970 964
4. Issue of short term debentures and other securities			
5. Income from shares issued			
6. Additional payments to capital			
7. Other items		27 298	8 911

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II. Outflow from financing activities	(2 396 927)	(960 849)
1. Repayment of long term bank loans and long term loans		(1 656)
2. Redemption of long term debentures and other securities		
3. Repayment of short term bank loans and short term loans	(2 149 088)	(942 363)
4. Redemption of short term debentures and other securities		
5. Costs of the issue of own shares		
6. Purchase of own shares for retirement		
7. Dividends and other payments to shareholders	(200 000)	
8. Bonuses from net profit paid to the Management Board and the Supervisory Board		
9. Community development expenses		
10. Leasing and rental repayments		
11. Interest paid	(35 007)	(6 565)
12. Other items	(12 832)	(10 265)
D. TOTAL NET CASH FLOW (A+/-B+/-C)	19 673	(62 371)
E. CHANGE IN BALANCE OF CASH AND CASH EQUIVALENTS	19 673	(62 371)
- of which change due to exchange rate differences	22	5 256
F. CASH AND CASH EQUIVALENTS - BEGINNING OF THE PERIOD	24 046	86 417
G. CASH AND CASH EQUIVALENTS - END OF THE PERIOD (F+/-D)	43 719	24 046
- including those having limited rights to disposable	2 518	